

§ 20-58.4. Release of security interest.

(a) Upon the satisfaction or other discharge of a security interest in a vehicle for which the certificate of title is in the possession of the secured party, the secured party shall, within the earlier of 10 days after demand or 30 days from the date of satisfaction, execute a release of his security interest, in the space provided therefor on the certificate or as the Division prescribes, and mail or deliver the certificate and release to the next secured party named therein, or if none, to the owner or other person authorized to receive the certificate for the owner.

(a1) Upon the satisfaction or other discharge of a security interest in a vehicle for which the certificate of title data is notated by a lien through electronic means pursuant to G.S. 20-58.4A, the secured party shall, within seven business days from the date of satisfaction, send electronic notice of the release of the security interest to the Division through the electronic lien release system established pursuant to G.S. 20-58.4A. The electronic notice of the release of the security interest sent to the Division by the secured party shall direct that a physical certificate of title be mailed or delivered to the address noted by the secured party providing notice of the satisfaction or other discharge of the security interest. Upon receipt by the Division of an electronic notice of the release of the security interest, the Division shall mail or deliver a certificate of title to the address noted by the secured party within three business days.

(b) Upon the satisfaction or other discharge of a security interest in a vehicle for which the certificate of title is in the possession of a prior secured party, the secured party whose security interest is satisfied shall within 10 days execute a release of his security interest in such form as the Division prescribes and mail or deliver the same to the owner or other person authorized to receive the same for the owner.

(c) An owner, upon securing the release of any security interest in a vehicle shown upon the certificate of title issued therefor, may exhibit the documents evidencing such release, signed by the person or persons making such release, and the certificate of title to the Division which shall, when satisfied as to the genuineness and regularity of the release, issue to the owner either a new certificate of title in proper form or an endorsement or rider attached thereto showing the release of the security interest.

(d) If an owner exhibits documents evidencing the release of a security interest as provided in subsection (c) of this section but is unable to furnish the certificate of title to the Division because it is in possession of a prior secured party, the Division, when satisfied as to the genuineness and regularity of the release, shall procure the certificate of title from the person in possession thereof for the sole purpose of noting thereon the release of the subsequent security interest, following which the Division shall return the certificate of title to the person from whom it was obtained and notify the owner that the release has been noted on the certificate of title.

(e) If it is impossible for the owner to secure from the secured party the release contemplated by this section, the owner may exhibit to the Division such evidence as may be available showing satisfaction or other discharge of the debt secured, together with a sworn affidavit by the owner that the debt has been satisfied.

(e1) If the vehicle is a manufactured home, the owner may proceed in accordance with subsection (e) of this section or may, in the alternative, provide the Division with a sworn affidavit by the owner that the debt has been satisfied and that either:

- (1) After diligent inquiry, the owner has been unable to determine the identity or the current location of the secured creditor or its successor in interest; or
- (2) The secured creditor has not responded within 30 days to a written request from the owner to release the secured creditor's security interest.

For purposes of this subsection, the term "owner" shall mean any of the following: (i) the owner of the manufactured home; (ii) the owner of real property on which the manufactured home is affixed; or (iii) a title insurance company as insurer of an insured owner of real property on which the manufactured home is affixed.

(e2) The Division may treat either of the methods employed by the owner pursuant to subsection (e) or subsection (e1) of this section as a proper release for purposes of this section when satisfied as to the genuineness, truth and sufficiency thereof. Prior to cancellation of a security interest under the provisions of this subsection, at least 15 days' notice of the pendency thereof shall be given to the secured party at his last known address by the Division by registered letter. The Division shall not cancel a security interest pursuant to this subsection if, within 15 days after the Division gives notice, the secured party responds to the Division indicating that the security interest remains in effect.

(f) The Division shall not be subject to a claim under Article 31 of Chapter 143 of the General Statutes related to the release of the perfection of a security interest on a certificate of title for a manufactured home pursuant to this section if the claim is based on reliance by the Division on any release, affidavit, notation of the certificate of title, or documents evidencing the release or satisfaction of a security interest submitted to the Division by a third party pursuant to this section. (1961, c. 835, s. 6; 1969, c. 838, s. 1; 1975, c. 716, s. 5; 2011-318, s. 1; 2015-270, s. 2; 2016-59, s. 4; 2018-74, s. 16.3(a).)